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6 Proposed Attorneys for Chapter 11 Debtor and Debtor in Possession

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8 **UNITED STATES BANKRUPTCY COURT**
9 **NORTHERN DISTRICT OF CALIFORNIA**
10 **SAN FRANCISCO DIVISION**

11 In re:) Case No. 15-31480
12)
13 MAGNOLIA BREWING COMPANY,) Chapter 11 Case
14 LLC, also doing business as McLean)
Breweries,) **DECLARATION OF JOHN APPEL IN**
15 Debtor and Debtor in Possession.) **SUPPORT OF DEBTOR'S**
16) **APPLICATION TO DESIGNATE**
17) **RESPONSIBLE INDIVIDUAL**
18) **PURSUANT TO LOCAL**
19) **BANKRUPTCY RULE 4002-1**
20)
21) [Local Bankruptcy Rule 4002-1]
22) [No Hearing Required]

1 I, John Appel, hereby declare as follows:

2 1. Unless indicated to the contrary, I have personal knowledge of the facts set forth
3 below and, if called to testify, would and could competently testify thereto.

4 2. I am the former chief financial officer of and consultant for Magnolia Brewing
5 Company, LLC (also doing business as McLean Breweries) (the "Debtor"), the chapter 11 debtor
6 and debtor in possession in the above-captioned bankruptcy case.

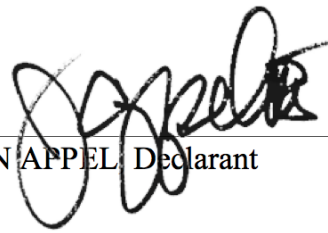
7 3. I have served in my role as consultant or chief financial officer since June 1, 2015.
8 I began my tenure with the Debtor as chief financial officer, and my designation changed to a
9 consultant to the Debtor on or about November 10, 2015. During these six months, I have
10 acquired knowledge of the Debtor's business and financial affairs, and I am familiar with the
11 Debtor's creditors. I have been designated by the Debtor's managing member to serve as the
12 Debtor's designated representative in connection with the Debtor's chapter 11 bankruptcy case,
13 which the Debtor commenced with the filing of a voluntary petition under chapter 11 of the
14 Bankruptcy Code on November 30, 2015.

15 4. I am a graduate of UC Berkley with an MBA from the Wharton School, and I have
16 28 years of work experience in private equity, venture capital, and investment banking, with a
17 focus over the last 13 years on the food, beverage and restaurant industries. I have operational
18 experience as chief financial officer and interim general manager. I have specific experience in
19 restaurant businesses and out-of-court turnarounds. A true and correct copy of my professional
20 resume prior to my engagement by the Debtor is attached as Exhibit "1" hereto.

21 5. I understand that, pursuant to Bankruptcy Local Rule 4002-1, the Debtor is
22 required to file an application and proposed order appointing a natural person to be responsible
23 for the duties and obligations of the Debtor. I am willing and able to serve in such role.
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1 I declare and verify under penalty of perjury that the foregoing is true and correct to the
2 best of my knowledge, information and belief.

3 Executed on this 30 th day of November, 2015, at San Francisco, California.

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8 JOHN APPEL, Declarant
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EXHIBIT "1"

John G. Appel
462 Hoyt Farm Road
New Canaan, CT 06840
tel. 203-716-1660
e-mail: john.appel@aptacapital.com

Summary

Senior financial executive with a proven track record of enhancing company performance and shareholder value in roles ranging from CFO and interim manager to active investor and board member.

Significant experience making private equity investments; building high-performance teams; leading strategic planning and forecasting; establishing or improving reporting systems and performance metrics; optimizing business processes and supply chain; planning and executing mergers and acquisitions; raising senior debt, subordinated debt and growth equity; and speaking at conferences and other events.

Most recent experience has been in the restaurant, food and beverage sectors. Past experience spans early stage to middle market companies in many industries including software, manufacturing, media/television, insurance and financial services.

Professional Experience

Global Restaurant Group, Ltd.
Director and CFO

Kyiv, Ukraine and Wilton, CT
August 2012 – Present

Global Restaurant Group is the largest KFC franchisee in Ukraine, where it operates several high-volume stores in the capital city of Kyiv. Its store portfolio includes the world's largest KFC drive-thru.

Led an investor group to fund the company's start-up. As CFO, established initial finance, accounting and IT teams and optimized the business for profitability in Ukraine's challenging economic environment. As interim manager, took the business from losing money at the store level to breaking even after corporate overhead in three months.

Apta Capital, LLC
Managing Partner

Wilton, CT
January 2010 – Present

Apta Capital is private equity firm focused on investments in small and mid-market companies that can benefit from its combination of proven operating expertise and flexible capital.

Manage firm activities, including recruiting, marketing, business development, and transaction execution. Assembled investment team and capital sources, which include family offices, high net worth individuals and insurance companies.

In Search of Value
Analyst

Wilton, CT
October 2008 – December 2009

In Search of Value is a website featuring public company research, analysis and commentary. It is located at www.johnappel.com.

Published equity research and analysis, leveraging executive contacts in consumer products, retail, technology, insurance and financial services for investment ideas and unique industry perspective. Numerous accurate assessments and predictions won praise from journalists, investment professionals, and industry leaders.

John G. Appel

Emigrant Capital / The Courtney Group, Inc.
Managing Director

New York, NY
June 2001 – April 2008

Emigrant Capital is a subsidiary of Emigrant Bank, the largest privately owned U.S. bank. The Courtney Group managed Emigrant Capital's investment activities from 2000 to 2003.

Built Emigrant's branded consumer products private equity group: brought in three operating partners, and worked with them to originate investments and to develop and execute the value creation strategy for each company. Also originated Emigrant's printing and packaging platform investment. Established Emigrant's "Executive Partner" program. Served as a director of: AC Label (specialty printing), Boylan Bottling (gourmet soda), Forward Foods (protein bars), The Jolt Company (energy drinks), Robeks Corp. (franchised smoothie stores), and Zola (healthy juices).

Tira Capital
Managing Director

Palo Alto & San Francisco, CA
August 1997 – June 2001

Tira Capital provided investment-banking services and managed private equity and venture capital investments.

Advised companies regarding capital raising, acquisitions and valuation. Made private debt and equity investments with personal capital, a network of private investors and a small fund.

Saratoga Partners / Dillon, Read & Co. Inc.
Vice President, Saratoga Partners
Associate, Saratoga Partners

New York, NY & San Francisco, CA
January 1994 – August 1997
March 1991 – December 1993

Dillon, Read & Co. Inc. was a leading investment bank, which ultimately became part of UBS AG. Saratoga Partners was a \$500 million family of corporate buyout funds managed by Dillon Read.

Director of U.S.I. Holdings, which became the 5th largest U.S. commercial insurance broker through over 100 acquisitions. Participated in purchases and sales of portfolio companies in diverse industries, including consumer products, media, and manufacturing. Completed multiple equity and debt financings for Saratoga portfolio companies. Taught LBO portion of analyst/associate training program.

Dillon, Read & Co. Inc.
Associate, Corporate Finance,

New York, NY
September 1990 – March 1991

General corporate finance and merger & acquisition activities included company sale assignments, debt private placements, fairness opinions, and merger, divestiture, recapitalization, leveraged buyout and dividend policy analyses.

Merrill Lynch Capital Markets
Financial Analyst, Public Finance Group,

New York, NY & Los Angeles, CA
June 1985 – June 1988

Merrill Lynch's Public Finance Group is a leading provider of investment banking services to state and local governments, municipalities and non-profit organizations.

Structured over \$2.5 billion of senior managed bond issues. Designed models for debt issues, interest rate swaps and securities portfolios. Developed a strategic planning model for a public utility. Led analyst training seminars.

John G. Appel

Education

The Wharton School, University of Pennsylvania
Master of Business Administration Degree

Philadelphia, PA
May 1990

Major in Finance. Editor of the *Street Sheet* newsletter. Research Assistant.
Officer of Investment Management Club

University of California

Berkeley, CA
May 1985

Bachelors of Science Degree in Business Administration

Graduated Magna Cum Laude

Phi Beta Kappa and Beta Gamma Sigma (business honor society)

Claudius N. White Award for Excellence in Finance

University of California (9/81 – 6/83)

Santa Cruz, CA

French study abroad, Nîmes, France (one quarter)

Founder and Treasurer of French Club

Organizations

Sponsored an inner-city boy's private high school education through the Student Sponsor Partnership, a New York City charitable group. President of Cal Business Alumni, New York Chapter (1985-1986). Steering Committee member, University of California Alumni, New York Chapter (1986). Member of Haas School development committee (2005-2006). Other past and current memberships include: Association for Corporate Growth, Wharton Private Equity Network, Diablo Venture Alliance, Early Stage Venture Capital Alliance, The Indus Entrepreneurs.

Guest lecturer at The Wharton School for "Private Equity Boot Camp." Judge in Wharton Business Plan Competition (2005 and 2006).

Personal Information

Married, with three children. In excellent health. Enjoy travel, hiking, skiing, scuba diving, volleyball, and racquet sports.

John G. Appel
Operating Experience Summary

During my career in private equity I have worked very closely with portfolio company management teams, often serving as an extension of the team and sometimes serving as a corporate officer. From this experience, I am able to view a business from both the investor and CEO perspective, and articulate and balance operational and investor priorities.

Most recently as CFO of Global Restaurant Group, I helped create the business plan for the company, raised the capital to start the business, and established the initial finance, accounting and IT teams. I led the budgeting and strategic planning process, and prepared all consolidated financial statements (audited by PwC). I also worked with the team to develop operating performance metrics and daily, weekly, and monthly operations reports. As interim manager, I took the business from store-level operating losses to break-even cash flow after corporate overhead in three months. I achieved this primarily by reorganizing the corporate staff, optimizing menu pricing and mix, reducing store labor, and focusing more attention on utilities usage.

At Emigrant Capital I helped develop the group's business plan and the processes for sourcing and evaluating transactions, performing due diligence, and structuring investments. I hired several of the professionals, and managed and mentored them as we worked together on investments.

I was a director of six Emigrant portfolio companies, and played a particularly active role in our consumer products companies and our restaurant investment, helping shape their strategic plans and priorities. Working with my operating partners at Emigrant, I drove value through senior management additions, marketing and sales strategy improvements, sales channel expansion, new product introductions, business process transformation, supply chain optimization, and strategic partnerships. As a director of the restaurant company, Robeks, I was involved with strategic decisions regarding real estate and franchising, and worked closely with the company on budgeting and forecasting, especially during a CFO transition.

Before Emigrant Capital I worked for the middle market buyout firm Saratoga Partners and then started my own advisory and private equity firm, Tira Capital. While I was at Saratoga Partners I played significant operational roles at two portfolio companies for several years. I was a corporate officer of a paper mill we purchased. I led the negotiation of a multi-year \$30 million contract to upgrade the mill, prepared financial forecasts, and monitored cash flow and bank covenants. For the other company, start-up insurances services firm USI Holdings, I helped create the initial business plan, worked with the company's CEO and CFO to acquire over 40 insurance brokers, negotiated three debt and equity private placements, and led financial planning and forecasting.

After leaving Saratoga Partners in 1997, I continued to work with USI as a consultant, advising the company on over \$350 million of debt and equity financings and remaining closely involved with financial planning and forecasting for nearly a year. I had an opportunity to transition to the CFO role at USI but decided to start Tira Capital.

At Tira Capital I set up the general ledger system and was the fund CFO until we hired a full-time CFO. We invested primarily in early-stage technology companies, and I served on five company boards. With one of the companies, I led a strategic repositioning of the business during which I recruited a new senior team (CEO, COO and CTO) and transitioned the business from a software focus to a hardware company.

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:

10250 Constellation Blvd., Suite 1700, Los Angeles, CA 90067

A true and correct copy of the foregoing document entitled (*specify*): **DECLARATION OF JOHN APPEL IN SUPPORT OF DEBTOR'S APPLICATION TO DESIGNATE RESPONSIBLE INDIVIDUAL PURSUANT TO LOCAL BANKRUPTCY RULE 4002-1** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) February 28, 2014, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

☒ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On November 30, 2015, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL

(state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on November 30, 2015, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

| | | |
|-------------------|---------------------|------------------|
| November 30, 2015 | Jason Klassi | /s/ Jason Klassi |
| <i>Date</i> | <i>Printed Name</i> | <i>Signature</i> |

15-31480 Notice will be electronically mailed to:

Ron Bender on behalf of Debtor Magnolia Brewing Company, LLC
rb@lnbyb.com

Office of the U.S. Trustee / SF
USTPRegion17.SF.ECF@usdoj.gov, ltroxas@hotmail.com